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**State/Territory Name: South Dakota**

**State Plan Amendment (SPA) #: 19-0008**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
1961 Stout Street, Room 08-148  
Denver, CO 80294



**Denver Regional Operations Group**

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July 9, 2019

William Snyder, Medicaid Director  
South Dakota Department of Social Services  
Richard F. Kneip Building  
700 Governors Drive  
Pierre, SD 57501-2291

Dear Mr. Snyder:

CMS has reviewed the proposed State Plan Amendment (SPA) submitted under transmittal number (TN) 19-008 and approved as SD-19-0008. This amendment requests a time limited exception from the requirements of the Medicaid RAC program.

Please be informed that this State Plan Amendment is approved today with an effective date of June 1, 2019 for a two year period only, with a termination date of June 1, 2021. We are enclosing the CMS-179 and the amended plan pages(s).

If you have any questions concerning this amendment, please contact Kirstin Michel at (303) 844-7036.

Sincerely,

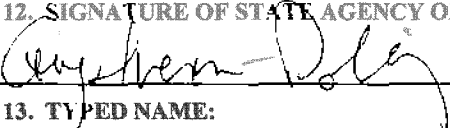
Richard C. Allen  
Director, Western Regional Operations Group  
Denver Regional Office  
Centers for Medicaid and CHIP Services


cc: Brenda Tidball-Zeltinger, Deputy Secretary, South Dakota  
Sarah Aker, South Dakota

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	<b>1. TRANSMITTAL NUMBER:</b> SD-19-008	<b>2. STATE:</b> South Dakota
	<b>3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>	
<b>TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE &amp; MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>	<b>4. PROPOSED EFFECTIVE DATE</b> June 1, 2019	
<b>5. TYPE OF PLAN MATERIAL (Check One):</b>  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT		

**COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)**

<b>6. FEDERAL STATUTE/REGULATION CITATION:</b>  1902(a)(42)(B)(i)	<b>7. FEDERAL BUDGET IMPACT:</b> a. FFY 2019: \$ 0.00 b. FFY 2020: \$ 0.00
<b>8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:</b>  Section 4.5, page 36b	<b>9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):</b> Section 4.5, page 36b
<b>10. SUBJECT OF AMENDMENT:</b> The proposed State Plan Amendment extends South Dakota's Medicaid Recovery Audit Contractor Program exception.	
<b>11. GOVERNOR'S REVIEW (Check One):</b>  <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED:  <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	

<b>12. SIGNATURE OF STATE AGENCY OFFICIAL:</b> 	<b>16. RETURN TO:</b>  DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291
<b>13. TYPED NAME:</b>  Amy Iversen-Pollreis	
<b>14. TITLE:</b> Interim Cabinet Secretary	
<b>15. DATE SUBMITTED:</b> June 28, 2019	

<b>FOR REGIONAL OFFICE USE ONLY</b>	
<b>17. DATE RECEIVED:</b> June 28, 2019	<b>18. DATE APPROVED:</b> July 9, 2019
<b>PLAN APPROVED - ONE COPY ATTACHED</b>	
<b>19. EFFECTIVE DATE OF APPROVED MATERIAL:</b> June 1, 2019	<b>20. SIGNATURE OF REGIONAL OFFICIAL:</b> 
<b>21. TYPED NAME:</b> Richard C. Allen	<b>22. TITLE:</b> Director, Western Regional Operations Group
<b>23. REMARKS:</b>	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
 MEDICAL ASSISTANCE PROGRAM  
 State/Territory: SOUTH DAKOTA

SECTION 4. GENERAL PROGRAM ADMINISTRATION

Citation

4.5b Medicaid Recovery Audit Contractor Program

Section 1902(a)(42)(b)(i)  
 of the Social Security Act

\_\_\_\_\_ The State has established a program under which it will contract with one or more recovery audit contractors (RACs) for the purpose of identifying underpayments and overpayments of Medicaid claims under the State plan and under any waiver of the State plan.

  X   The State is seeking an exception to establishing such program for the following reasons:

- (1) The State maintains a low rate of errors in Medicaid payments, as evidenced by the most recent PERM review; and
- (2) The State's estimate of the potential amount of payment errors to be recovered is low based in part on relatively low Medicaid enrollment and associated expenditures such that there would not be enough revenue generated to fund an adequate enough contingency fee to attract sufficient bidding attention from vendors. In its fiscal year 2018 the State had total Medicaid expenditures of \$917,272,710 and 102,235 total Title XIX eligibles. CHIP expenditures in state fiscal year 2018 totaled \$32,612,402 with 16,103 total Title XXI eligibles.

Prior to the expiration of the exception, the State will analyze the most recent PERM results and most timely Medicaid enrollment and associated Medicaid expenditures and, based on that analysis, submit to CMS either

- (1) A new request for an exception; or
- (2) A SPA establishing the State's RAC program.

\_\_\_\_\_ The State Medicaid agency has contracts of the type(s) listed in Section 1902(a)(42)(B)(ii)(I) of the Act. All contracts meet the requirements of the statute. RACs are consistent with the statute.